

HOUSE BILL 1060

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2004 Regular Session
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By: **Delegates Jones, Barkley, Barve, Benson, Brown, Burns, Cane, Cardin, G. Clagett, V. Clagett, Costa, D. Davis, DeBoy, Feldman, Glassman, Goldwater, Goodwin, Haynes, Heller, Hennessy, Hixson, Howard, Hubbard, Hurson, King, Lee, Love, Madaleno, Malone, McHale, Minnick Moe, Morhaim, Nathan-Pulliam, Niemann, Oaks, Owings, Paige, Parker, Proctor, Ramirez, Rudolph, Stern, Taylor, F. Turner, V. Turner, Weir, Weldon, and Zirkin**

Introduced and read first time: February 13, 2004
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' and Local Employees' Retirement Enhancement Act of 2004**

3 FOR the purpose of altering the definition of "earnable compensation" for certain
4 members of the Teachers' Retirement System and the Teachers' Pension System;
5 providing certain annual adjustments to the normal service retirement
6 allowances of retirees of the Teachers' Retirement System and the Teachers'
7 Pension System as of a certain date; providing for the adjustment to be subject
8 to certain cost-of-living adjustments each fiscal year; providing for a certain
9 cost-of-living adjustment to retirement allowances of certain retirees and
10 former members of the Teachers' Retirement System; providing for an alternate
11 contributory pension selection for certain members of the Teachers' Pension
12 System; making the selection optional for certain members of the Teachers'
13 Pension System; authorizing the purchase of certain service credit in a certain
14 manner; providing for the member contribution rate and benefits for certain
15 members of the Teachers' Pension System under a certain alternate contributory
16 pension selection option; reducing the retirement age for certain members of the
17 Teachers' Pension System; reducing certain penalties for early retirement for
18 certain members of the Teachers' Pension System; increasing the cost-of-living
19 adjustment for certain members of the Teachers' Pension System; authorizing
20 certain employees of participating governmental units to elect to participate in a
21 certain alternate contributory pension selection by a certain date; prohibiting
22 the governing body of a county from eliminating or reducing certain retirement
23 benefits for members of the Teachers' Retirement System or Teachers' Pension
24 System; requiring the State Retirement Agency to provide certain information to
25 members of the Teachers' Pension System and to certain participating
26 governmental units; and generally relating to enhancements and modifications
27 to pension and retirement benefits for certain teachers and employees of
28 participating governmental units.

29 BY repealing and reenacting, with amendments,

1 Article - State Personnel and Pensions
2 Section 20-101(o), 22-401, 23-212, 23-217, 23-218, 23-308.2, 23-401, 23-402,
3 29-425, and 31-112
4 Annotated Code of Maryland
5 (1997 Replacement Volume and 2003 Supplement)

6 BY repealing and reenacting, without amendments,
7 Article - State Personnel and Pensions
8 Section 23-206
9 Annotated Code of Maryland
10 (1997 Replacement Volume and 2003 Supplement)

11 BY adding to
12 Article - State Personnel and Pensions
13 Section 23-219 and 23-220 to be under the new part "Part III. Alternate
14 Contributory Pension Selection"; and 29-428 through 29-430, inclusive, to
15 be under the new part "Part VII. Five Percent Compound Adjustment"; and
16 23-308.3
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2003 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - State Personnel and Pensions**

22 20-101.

23 (o) "Earnable compensation" means one-twelfth of the member's annual
24 salary rate payable for working the normal time in the member's position, including:

25 (1) the employer pickup contribution provided for in § 21-312 of this
26 article; [or]

27 (2) a contribution made under a salary reduction or supplemental
28 retirement plan in accordance with Title 35 of this article; OR

29 (3) FOR A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE
30 TEACHERS' PENSION SYSTEM:

31 (I) COMPENSATION FOR PARTICIPATING AS A COACH OR AN
32 ADVISOR FOR ANY EXTRACURRICULAR ACTIVITY; OR

33 (II) ANY STIPEND THE MEMBER RECEIVES FOR PARTICIPATING IN
34 THE NATIONAL TEACHER CERTIFICATION PROGRAM.

1 22-401.

2 (a) A member may retire with a normal service retirement allowance if:

3 (1) on or before the date of retirement, the member:

4 (i) has at least 30 years of eligibility service; or

5 (ii) is at least 60 years old; and

6 (2) the member completes and submits a written application to the
7 Board of Trustees stating the date when the member desires to retire.

8 (b) On retirement under this section, a member is entitled to receive a normal
9 service retirement allowance that equals THE SUM OF:

10 (1) one fifty-fifth of the member's average final compensation
11 multiplied by the number of years of creditable service ATTAINED ON OR BEFORE
12 JUNE 30, 2004; AND

13 (2) 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
14 MULTIPLIED BY THE NUMBER OF YEARS OF CREDITABLE SERVICE ATTAINED ON OR
15 AFTER JULY 1, 2004.

16 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A RETIREE OR A
17 BENEFICIARY OF A RETIREE WHO RETIRES FROM THE TEACHERS' RETIREMENT
18 SYSTEM ON OR BEFORE JULY 1, 2004, WITH A NORMAL SERVICE RETIREMENT
19 ALLOWANCE SHALL RECEIVE AN ANNUAL RETIREMENT ALLOWANCE ADJUSTMENT
20 AS OF JULY 1, 2004, AS FOLLOWS:

21 (I) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5
22 YEARS, \$1,200;

23 (II) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS
24 BUT NOT MORE THAN 10 YEARS, \$1,500;

25 (III) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS
26 BUT NOT MORE THAN 15 YEARS, \$1,800; AND

27 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
28 \$2,100.

29 (2) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE
30 ADJUSTMENT RECEIVED BY THE RETIREE OR BENEFICIARY AS OF JULY 1, 2004, BY
31 MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

32 (I) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE
33 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

34 (II) AS ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE
35 CALENDAR YEAR ENDING DECEMBER 31, 2003.

1 23-206.

2 (a) Except as provided in subsection (b) of this section, §§ 23-207 through
3 23-210 of this subtitle apply only to:

4 (1) an employee of a day school in the State under the authority and
5 supervision of a county board of education or the Baltimore City Board of School
6 Commissioners, employed as:

7 (i) a clerk;

8 (ii) a helping teacher;

9 (iii) a principal;

10 (iv) a superintendent;

11 (v) a supervisor; or

12 (vi) a teacher;

13 (2) a faculty employee of an educational institution supported by and
14 under the control of the State;

15 (3) a librarian or clerical employee of a library that is established or
16 operates under the Education Article;

17 (4) a professional or clerical employee of a community college that is
18 established or operates under the Education Article;

19 (5) a staff employee of the University System of Maryland, Morgan State
20 University, or St. Mary's College who is a member of the Teachers' Pension System as
21 of January 1, 1998, or who transfers from the Teachers' Retirement System on or
22 after January 1, 1998; or

23 (6) a nonfaculty employee of the Baltimore City Community College who:

24 (i) is a member of the Teachers' Pension System as of October 1,
25 2002 and does not transfer to the Employees' Pension System in accordance with §
26 23-202.1 of this subtitle; or

27 (ii) transfers from the Teachers' Retirement System on or after
28 October 1, 2002.

29 (b) Sections 23-207 through 23-209 of this subtitle do not apply to:

30 (1) an individual who has elected to participate in an optional retirement
31 program under Title 30 of this article;

32 (2) an individual who is employed under a federal public service
33 employment program;

1 (3) a professional or clerical employee of the Department of Public
2 Libraries of Montgomery County who is participating in the Employees' Retirement
3 System of Montgomery County;

4 (4) a staff employee of the University System of Maryland, Morgan State
5 University, or St. Mary's College who becomes employed on or after January 1, 1998
6 in a position as a staff employee of the educational institution that was eligible for
7 membership in the Teachers' Retirement System or Teachers' Pension System under
8 Chapter 6, § 8, paragraphs 1(a) and 2(a) of the Acts of 1994;

9 (5) an employee who is not a member of a State system and who accepts
10 a position for which the budgeted hours per fiscal year are less than 500 hours in the
11 first fiscal year of employment; or

12 (6) a nonfaculty employee of the Baltimore City Community College who
13 becomes employed on or after October 1, 2002, or who transfers to the Employees'
14 Pension System in accordance with § 23-202.1 of this subtitle.

15 23-212.

16 (a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this
17 section, a member's contribution rate is 5% of the part of the member's earnable
18 compensation that exceeds the taxable wage base for each year.

19 (b) The contribution rate of a member who is subject to the contributory
20 pension benefit under Part II of this subtitle is 2% of the member's earnable
21 compensation.

22 (C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION
23 SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE
24 CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS 5% OF
25 THE MEMBER'S EARNABLE COMPENSATION.

26 23-217.

27 (a) Except as provided in subsection (b) of this section, this Part II of this
28 subtitle applies to an individual who is:

29 (1) a member of the Employees' Pension System or the Teachers' Pension
30 System; or

31 (2) a member of the Employees' Retirement System or the Teachers'
32 Retirement System subject to Selection C (Combination Formula) as provided in §
33 22-221 of this article.

34 (b) This Part II of this subtitle does not apply to an individual who is:

35 (1) an employee of:

1 (i) a participating governmental unit that has not elected the
2 contributory pension benefit for its employees under § 31-116 of this article; or

3 (ii) a former participating governmental unit, other than Frederick
4 County, that has withdrawn; [or]

5 (2) a member of the Employees' Pension System or Teachers' Pension
6 System who transferred from the Employees' Retirement System or Teachers'
7 Retirement System after April 1, 1998; OR

8 (3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, TEACHERS'
9 PENSION SYSTEM, EMPLOYEES' RETIREMENT SYSTEM (SELECTION C - COMBINATION
10 FORMULA), OR TEACHERS' RETIREMENT SYSTEM (SELECTION C - COMBINATION
11 FORMULA) WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION
12 SELECTION UNDER PART III OF THIS SUBTITLE.

13 23-218.

14 A member who is subject to this Part II of this subtitle shall:

15 (1) receive an allowance for all creditable service as follows:

16 (i) for normal service retirement as provided in § 23-401(c) of this
17 title;

18 (ii) for early service retirement as provided in [§ 23-402] §
19 23-402(B) of this title;

20 (iii) for ordinary disability retirement as provided in § 29-108 of this
21 article; and

22 (iv) for accidental disability retirement as provided in § 29-110 of
23 this article;

24 (2) have the allowance adjusted as provided in Title 29, Subtitle 4, Part
25 VI of this article; and

26 (3) make the member contributions at the rate specified in § 23-212(b) of
27 this subtitle.

28 PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

29 23-219.

30 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART III
31 OF THIS SUBTITLE APPLIES TO AN INDIVIDUAL WHO IS:

32 (1) A MEMBER OF THE TEACHERS' PENSION SYSTEM WHO BECOMES
33 EMPLOYED BY A PARTICIPATING EMPLOYER ON OR AFTER JULY 1, 2004;

1 (2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO, ON OR
2 AFTER JULY 1, 2004, BECOMES AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL
3 UNIT THAT HAS ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS
4 EMPLOYEES UNDER § 31-116 OF THIS ARTICLE;

5 (3) A MEMBER OF THE TEACHERS' PENSION SYSTEM ON JUNE 30, 2004,
6 WHO ELECTS TO BE SUBJECT TO THIS PART;

7 (4) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM SUBJECT TO
8 SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE
9 ON JUNE 30, 2004, WHO ELECTS TO BE SUBJECT TO THIS PART; OR

10 (5) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO ON JUNE 30,
11 2004, IS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT HAS
12 ELECTED THE CONTRIBUTORY PENSION SELECTION FOR ITS EMPLOYEES UNDER §
13 31-116 OF THIS ARTICLE AND WHO ELECTS TO BE SUBJECT TO THIS PART.

14 (B) THIS PART III OF THIS SUBTITLE DOES NOT APPLY TO AN INDIVIDUAL
15 WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION
16 SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR
17 TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

18 23-220.

19 A MEMBER WHO IS SUBJECT TO THIS PART III OF THIS SUBTITLE SHALL:

20 (1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS
21 FOLLOWS:

22 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §
23 23-401(D) OF THIS TITLE WITH AT LEAST 30 YEARS OF ELIGIBILITY SERVICE OR THE
24 YEARS OF ELIGIBILITY SERVICE AT THE AGES SPECIFIED IN § 23-401(A)(2)(IV) OF THIS
25 TITLE;

26 (II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402(C)
27 OF THIS TITLE;

28 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §
29 29-108 OF THIS ARTICLE; AND

30 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §
31 29-110 OF THIS ARTICLE;

32 (2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29,
33 SUBTITLE 4, PART VII OF THIS ARTICLE; AND

34 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §
35 23-212(C) OF THIS SUBTITLE.

1 23-308.2.

2 (a) For periods of employment as a member of the Teachers' Retirement
3 System or the Teachers' Pension System for which the member is not otherwise
4 entitled to service credit, a member of the Teachers' Pension System may purchase
5 credit for eligibility service as provided in this section.

6 (b) The total amount of service credit in the Teachers' Retirement System or
7 Teachers' Pension System that a member may purchase under this section and §
8 23-308 of this subtitle may not exceed 10 years.

9 (c) A member who purchases service credit under this section may not
10 purchase service credit for any period of employment during which the member
11 participated in the optional retirement program.

12 (d) To purchase service credit under this section, a member must:

13 (1) complete a claim for the service credit and file it with the Board of
14 Trustees on the form that the Board of Trustees provides; and

15 (2) pay to the Board of Trustees an amount equal to one-half of the
16 annuity reserve and one-half of the pension reserve required to fund the additional
17 allowance.

18 (E) (1) A MEMBER MAY REDUCE THE FINAL COST OF SERVICE CREDIT
19 PURCHASED UNDER THIS SECTION THROUGH A PAYROLL DEDUCTION OF NOT LESS
20 THAN 2% OF ANNUAL SALARY PER YEAR WITH THE APPROPRIATE FINAL
21 ADJUSTMENT AT RETIREMENT.

22 (2) THE SURVIVING SPOUSE OF A MEMBER MAY PAY FOR THE
23 APPROPRIATE FINAL ADJUSTMENT UNDER PARAGRAPH (1) OF THIS SUBSECTION IF:

24 (I) THE MEMBER DIES WHILE EMPLOYED AS A MEMBER;

25 (II) THE MEMBER WAS PURCHASING SERVICE CREDIT THROUGH A
26 PAYROLL DEDUCTION; AND

27 (III) THE SERVICE CREDIT QUALIFIES FOR BENEFITS UNDER §
28 29-205 OF THIS ARTICLE.

29 23-308.3.

30 (A) FOR PERIODS OF EMPLOYMENT AS A MEMBER OF THE TEACHERS'
31 RETIREMENT SYSTEM FOR WHICH THE MEMBER IS NOT OTHERWISE ENTITLED TO
32 SERVICE CREDIT, A MEMBER OF THE TEACHERS' PENSION SYSTEM MAY PURCHASE
33 ELIGIBILITY SERVICE AS PROVIDED IN THIS SECTION.

34 (B) THE TOTAL AMOUNT OF SERVICE CREDIT IN THE TEACHERS' PENSION
35 SYSTEM THAT A MEMBER MAY PURCHASE UNDER THIS SECTION AND §§ 23-308 AND
36 23-308.2 OF THIS SUBTITLE MAY NOT EXCEED 10 YEARS.

1 (C) A MEMBER WHO PURCHASES SERVICE CREDIT UNDER THIS SECTION MAY
2 NOT PURCHASE SERVICE CREDIT FOR ANY PERIOD OF EMPLOYMENT DURING WHICH
3 THE MEMBER PARTICIPATED IN THE OPTIONAL RETIREMENT PROGRAM.

4 (D) (1) TO PURCHASE SERVICE CREDIT UNDER THIS SECTION, A MEMBER
5 SHALL:

6 (I) COMPLETE A CLAIM FOR THE SERVICE CREDIT AND FILE IT
7 WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES
8 PROVIDES; AND

9 (II) PAY TO THE BOARD OF TRUSTEES IN A SINGLE PAYMENT THE
10 MEMBER CONTRIBUTIONS THE MEMBER WOULD HAVE MADE FOR THE PERIOD OF
11 EMPLOYMENT FOR WHICH SERVICE CREDIT IS BEING PURCHASED PLUS REGULAR
12 INTEREST TO THE DATE OF PAYMENT.

13 (2) EXCEPT AS PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS
14 SUBSECTION, THE MEMBER SHALL PAY FOR SERVICE CREDIT PURCHASED UNDER
15 THIS SECTION AT RETIREMENT.

16 (3) A MEMBER MAY REDUCE THE FINAL COST OF SERVICE CREDIT
17 PURCHASE UNDER THIS SECTION THROUGH A PAYROLL DEDUCTION OF NOT LESS
18 THAN 2% OF ANNUAL SALARY PER YEAR, WITH THE APPROPRIATE FINAL
19 ADJUSTMENT MADE AT RETIREMENT.

20 (4) THE SURVIVING SPOUSE OF A MEMBER OF THE TEACHERS'
21 RETIREMENT SYSTEM MAY PAY FOR THE APPROPRIATE FINAL ADJUSTMENT UNDER
22 PARAGRAPH (3) OF THIS SUBSECTION IF:

23 (I) THE MEMBER DIES WHILE EMPLOYED AS A MEMBER;

24 (II) THE MEMBER WAS PURCHASING SERVICE CREDIT THROUGH A
25 PAYROLL DEDUCTION; AND

26 (III) THE SERVICE CREDIT QUALIFIES FOR BENEFITS UNDER §
27 29-205 OF THIS ARTICLE.

28 23-401.

29 (a) A member may retire with a normal service retirement allowance if:

30 (1) the member completes and submits a written application to the
31 Board of Trustees stating the date when the member desires to retire; and

32 (2) on or before the date of retirement, the member:

33 (i) has at least 30 years of eligibility service;

34 (ii) has a combined total of at least 30 years of eligibility service
35 from the Employees' Pension System, the Teachers' Pension System, the Employees'
36 Retirement System, or the Teachers' Retirement System; [or]

1 (iii) EXCEPT AS PROVIDED IN ITEM (IV) OF THIS ITEM, has attained
2 the age and the years of eligibility service as follows:

3	Age		Years of Eligibility Service
4	62	with	5
5	63	with	4
6	64	with	3
7	65	or more with	2

8 (IV) FOR MEMBERS WHO ARE SUBJECT TO THE ALTERNATE
9 CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE,
10 HAS ATTAINED THE AGE AND THE YEARS OF ELIGIBILITY SERVICE AS FOLLOWS:

11	AGE		YEARS OF ELIGIBILITY SERVICE
12	60	WITH	5
13	61	WITH	4
14	62	WITH	3
15	63	OR MORE WITH	2

16 (b) Except as provided in subsections (c), [and] (d), AND (E) of this section, on
17 retirement under this section, a member is entitled to receive a normal service
18 retirement allowance that equals the number of years of the member's creditable
19 service multiplied by:

20 (1) 0.8% of the member's average final compensation that is not in excess
21 of the Social Security integration level; and

22 (2) 1.5% of the member's average final compensation that exceeds the
23 Social Security integration level.

24 (c) Except as provided in subsection [(d)] (E) of this section, on retirement
25 under this section, a member who is subject to the contributory pension benefit under
26 Subtitle 2, Part II of this title is entitled to receive a normal service retirement
27 allowance that equals the sum of:

28 (1) the number of years of the member's creditable service on or after
29 July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

30 (2) the greater of:

31 (i) the number of years of the member's creditable service on or
32 before June 30, 1998 multiplied by 1.2% of the member's average final compensation;
33 or

34 (ii) the number of years of the member's creditable service on or
35 before June 30, 1998 multiplied by:

1 1. 0.8% of the member's average final compensation that is
2 not in excess of the Social Security integration level; and

3 2. 1.5% of the member's average final compensation that
4 exceeds the Social Security integration level.

5 (D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, ON
6 RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO THE
7 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF
8 THIS TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE
9 THAT EQUALS THE SUM OF:

10 (1) (I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE
11 SERVICE THAT IS BETWEEN 1 AND 15 YEARS BEGINNING ON OR AFTER JULY 1, 2004,
12 MULTIPLIED BY 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND

13 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE
14 SERVICE THAT IS OVER 15 YEARS BEGINNING ON OR AFTER JULY 1, 2004, MULTIPLIED
15 BY 2.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;

16 (2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON
17 OR AFTER JULY 1, 1998, BUT BEFORE JULY 1, 2004, MULTIPLIED BY 1.4% OF THE
18 MEMBER'S AVERAGE FINAL COMPENSATION; AND

19 (3) THE GREATER OF:

20 (I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE
21 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE MEMBER'S
22 AVERAGE FINAL COMPENSATION; OR

23 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE
24 SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY:

25 1. 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
26 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

27 2. 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION
28 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL.

29 [(d)] (E) (1) This subsection applies only to a member who has a combined
30 total of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

31 (2) A member is entitled to receive a normal service retirement
32 allowance that equals:

33 (i) an allowance based on the creditable service the member
34 earned in the Employees' Pension System;

35 (ii) an allowance based on the creditable service the member
36 earned in the Employees' Retirement System;

1 (iii) an allowance based on the creditable service the member
2 earned in the Teachers' Pension System; plus

3 (iv) an allowance based on the creditable service the member
4 earned in the Teachers' Retirement System.

5 (F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, A RETIREE OR A
6 BENEFICIARY OF A RETIREE WHO RETIRES FROM THE TEACHERS' PENSION SYSTEM
7 ON OR BEFORE JULY 1, 2004, WITH A NORMAL SERVICE RETIREMENT ALLOWANCE
8 SHALL RECEIVE AN ANNUAL RETIREMENT ALLOWANCE ADJUSTMENT AS OF JULY 1,
9 2004, AS FOLLOWS:

10 (I) FOR A RETIREE WHO HAS BEEN RETIRED NOT MORE THAN 5
11 YEARS, \$1,200;

12 (II) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 5 YEARS
13 BUT NOT MORE THAN 10 YEARS, \$1,500;

14 (III) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 10 YEARS
15 BUT NOT MORE THAN 15 YEARS, \$1,800; AND

16 (IV) FOR A RETIREE WHO HAS BEEN RETIRED MORE THAN 15 YEARS,
17 \$2,100.

18 (2) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL INCREASE THE
19 ADJUSTMENT RECEIVED BY THE RETIREE OR BENEFICIARY AS OF JULY 1, 2004, BY
20 MULTIPLYING THE ADJUSTMENT BY A FRACTION THAT HAS:

21 (I) AS ITS NUMERATOR, THE CONSUMER PRICE INDEX FOR THE
22 CALENDAR YEAR ENDING DECEMBER 31 OF THE PRECEDING FISCAL YEAR; AND

23 (II) AS ITS DENOMINATOR, THE CONSUMER PRICE INDEX FOR THE
24 CALENDAR YEAR ENDING DECEMBER 31, 2003.

25 23-402.

26 (a) A member may retire with an early service retirement allowance if:

27 (1) the member completes and submits a written application to the
28 Board of Trustees stating the date when the member desires to retire; and

29 (2) on or before the date of retirement, the member:

30 (i) has at least 15 years but less than 30 years of eligibility service;

31 and

32 (ii) is at least 55 but less than 62 years old.

33 (b) [On] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, ON
34 retirement under this section, a member is entitled to receive an early service
35 retirement allowance that equals the normal service retirement allowance under §

1 23-401 of this subtitle, reduced by 0.5% for each month that the member's early
2 retirement date precedes the date the member will be 62 years old.

3 (C) ON RETIREMENT UNDER THIS SECTION, A MEMBER WHO IS SUBJECT TO
4 THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III
5 OF THIS TITLE IS ENTITLED TO RECEIVE AN EARLY SERVICE RETIREMENT
6 ALLOWANCE THAT EQUALS THE NORMAL SERVICE RETIREMENT ALLOWANCE
7 UNDER § 23-401(D) OF THIS SUBTITLE, REDUCED BY 0.4% FOR EACH MONTH THAT
8 THE MEMBER'S EARLY RETIREMENT DATE PRECEDES THE DATE THE MEMBER WILL
9 BE 60 YEARS OLD.

10 29-425.

11 (a) [This] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS
12 Part VI of this subtitle applies:

13 (1) on or after July 1, 1998 only to an allowance received by a former
14 member, retiree, or surviving beneficiary of a deceased member, former member, or
15 retiree of the Employees' Pension System or the Teachers' Pension System; and

16 (2) on or after December 31, 2000, to an allowance received by a former
17 member, retiree, or surviving beneficiary of a deceased member, former member, or
18 retiree of the Law Enforcement Officers' Pension System.

19 (b) This Part VI of this subtitle does not apply if:

20 (1) the member, former member, or retiree was an employee of:

21 (i) a participating governmental unit that has not elected the
22 contributory pension benefit of its employees under § 31-116 of this article; or

23 (ii) a former participating governmental unit, other than Frederick
24 County, that has withdrawn before July 1, 1998, while a member; [or]

25 (2) the member, former member, or retiree:

26 (i) transferred to the Law Enforcement Officers' Pension System
27 from the Employees' Retirement System; and

28 (ii) did not elect to participate in the Law Enforcement Officers'
29 Modified Pension Benefit on or before December 31, 2000 as provided in § 26-211 of
30 this article; OR

31 (3) THE MEMBER, FORMER MEMBER, OR RETIREE IS SUBJECT TO THE
32 ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23, SUBTITLE 2,
33 PART III OF THIS ARTICLE.

1 PART VII. FIVE PERCENT COMPOUND ADJUSTMENT.

2 29-428.

3 THIS PART VII OF THIS SUBTITLE APPLIES ON OR AFTER JULY 1, 2004, ONLY TO
4 AN ALLOWANCE RECEIVED BY A FORMER MEMBER, RETIREE, OR SURVIVING
5 BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE WHO IS
6 SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23,
7 SUBTITLE 2, PART III OF THIS ARTICLE.

8 29-429.

9 EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST EACH
10 ALLOWANCE AS PROVIDED IN THIS PART VII OF THIS SUBTITLE.

11 29-430.

12 (A) EACH FISCAL YEAR, THE BOARD OF TRUSTEES SHALL ADJUST AN
13 ALLOWANCE BY MULTIPLYING THE ALLOWANCE FOR THE PRECEDING FISCAL YEAR,
14 EXCLUSIVE OF ANY ADDITIONAL VOLUNTARY ANNUITY, BY A RATE NOT EXCEEDING
15 5%, THAT IS OBTAINED BY DIVIDING THE CONSUMER PRICE INDEX FOR THE
16 CALENDAR YEAR ENDING DECEMBER 31 IN THE PRECEDING FISCAL YEAR BY THE
17 CONSUMER PRICE INDEX FOR THE CALENDAR YEAR ENDING DECEMBER 31 IN THE
18 SECOND PRECEDING FISCAL YEAR.

19 (B) THE ADJUSTMENT UNDER SUBSECTION (A) OF THIS SECTION SHALL
20 BEGIN THE SECOND JULY 1 AFTER THE DAY PRECEDING THE RETIREE'S DATE OF
21 RETIREMENT OR THE FORMER MEMBER'S EFFECTIVE DATE FOR RECEIPT OF A
22 VESTED ALLOWANCE.

23 (C) THE TOTAL ALLOWANCE PAYABLE IN EACH FISCAL YEAR SHALL BE THE
24 SUM OF:

25 (1) THE ANNUAL RATE OF ALLOWANCE PAID DURING THE PRECEDING
26 FISCAL YEAR;

27 (2) THE ADJUSTMENT IN ALLOWANCE PAID DURING THE PRECEDING
28 FISCAL YEAR; AND

29 (3) ANY ADDITIONAL ANNUITY.

30 31-112.

31 (a) Subject to subsection (b) of this section, an employee of a participating
32 governmental unit who is a member of one of the employees' systems is entitled to the
33 benefits to which State employees are entitled under that system.

34 (b) (1) [An] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, AN
35 employee of a participating governmental unit that has elected to participate in the

1 contributory pension benefit option under § 31-116 of this subtitle shall be subject to
2 Title 23, Subtitle 2, Part II of this article.

3 (2) An employee of a participating governmental unit that has not
4 elected to participate in the contributory pension benefit option under § 31-116 of this
5 subtitle is not subject to Title 23, Subtitle 2, Part II of this article.

6 (C) (1) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT
7 HAS ELECTED TO PARTICIPATE IN THE CONTRIBUTORY PENSION SELECTION UNDER
8 § 31-116 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF
9 THIS ARTICLE, IF:

10 (I) THE EMPLOYEE IS AN EMPLOYEE OF THE PARTICIPATING
11 GOVERNMENTAL UNIT ON DECEMBER 31, 2004, AND THE EMPLOYEE ELECTS TO BE
12 SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE; OR

13 (II) THE EMPLOYEE BECOMES AN EMPLOYEE OF THE
14 PARTICIPATING GOVERNMENTAL UNIT ON OR AFTER JANUARY 1, 2004.

15 (2) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT
16 HAS NOT ELECTED TO PARTICIPATE IN THE ALTERNATE CONTRIBUTORY PENSION
17 SELECTION UNDER § 31-116 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23,
18 SUBTITLE 2, PART III OF THIS ARTICLE.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the governing body of a
20 county or Baltimore City that offers a supplemental retirement allowance or
21 supplemental retirement plan to members of the Teachers' Retirement System or
22 Teachers' Pension System may not eliminate or reduce any retirement benefits
23 provided as of January 1, 2004.

24 SECTION 3. AND BE IT FURTHER ENACTED, That the State Retirement
25 Agency shall inform members of the Teachers' Pension System and the governing
26 bodies of participating governmental units about the elections that the members are
27 entitled to make under this Act.

28 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take
29 effect June 1, 2004.